



# The anti-capitalist mentality and ill-fated transition: case of Serbia

## A Mentalidade Anti-capitalista e a transição mal sucedida: O caso da Sérvia

### MENTALIDAD ANTI-CAPITALISTA Y LA MAFADADA TRANSICIÓN: EL CASO DE SERBIA

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#### Palavras-chave:

Mentalidade anticapitalista, desbolchevismo, socialismo suave e rígido, transição, livre mercado.

#### RESUMO

Este artigo pretende mostrar como o legado do socialismo humanizado representa um obstáculo muito mais sério para a transição pós-socialista do que a herança do socialismo rígido. Isso ocorre porque uma fusão da percepção do caráter autóctone do socialismo acompanhado pela percepção de sua face humana suave cria uma mentalidade anticapitalista (Ludwig von Mises) que deixa um enorme impacto nos entendimentos de longo prazo dos conceitos de indivíduo, sociedade, estado e reformas. Esse tipo de mentalidade está profundamente arraigado na Sérvia, onde um processo em escala de "desbolchevismo" nunca foi iniciado. A continuidade com o legado socialista é aparente em segmentos-chave da malfadada transição: política, institucional, econômica, simbólica e não menos moral.

#### Keywords:

Anti-capitalist mentality; debolshevization; soft and rigid socialism; transition; free-market.

#### ABSTRACT

This paper aims to show how the legacy of socialism with a human face represents a far more serious obstacle for the postsocialist transition than the heritage of rigid socialism. This is because an amalgamation of the perception of the autochthonous character of socialism accompanied by the perception of its soft, human face, creates an anti-capitalist mentality (Ludwig von Mises) that leaves an enormous impact on the long-term understandings of the concepts of individual, society, state, and reforms. This sort of mentality is deeply entrenched in Serbia, where a full-scale process of "debolshevization" has never been initiated. The continuity with socialist legacy is apparent in key segments of the ill-fated transition: political, institutional, economic, symbolical, and no less moral.

#### Palabras clave:

Mentalidad anticapitalista, "desbolchevización", socialismo suave y rígido, transición, mercado libre.

#### RESUMEN

Este artículo pretende mostrar cómo el legado del socialismo de cara humana representa un obstáculo mucho mayor para la transición post-socialista, que la herencia del socialismo rígido. Esto ocurre porque la percepción del carácter autóctono del socialismo, acompañado por la percepción de su cara humana, crea una mentalidad anticapitalista (concepto de Ludwig von Mises) que deja un enorme impacto en el entendimiento de los conceptos de individuo, sociedad, estado y reformas. Este tipo de mentalidad está profundamente arraigada en Serbia, donde un proceso de "desbolchevización" nunca se inició. La continuidad con ese legado socialista es notorio en segmentos clave de la transición: política, institucional, económica, simbólica y, no menos, moral.

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## INTRODUCTION

Post-communist transition scholars have not accorded due attention to the distinction between the legacies of soft and rigid communism in transitional change. The reason behind this is understandable. Transitology seeks to explain the character, scope and pace of the changes from a state of a centrally-planned economy and political authoritarianism towards one of democracy and a market-oriented economy ([LINZ; STEPAN, 1996<sup>a</sup>](#); [DOBRY, 2000](#); [BALCEROWICZ, 2002<sup>a</sup>](#)).

Therefore, the most vivid and historically dominant form of communism has been selected as the starting point of the analysis: Soviet-type socialism, present paradigmatically behind the Iron Curtain.

This brand of communism represents the archetype of the centrally-planned economy and the system of political oppression which new democracies so enthusiastically distanced themselves from. But what about the so-called “soft-socialism” and its legacy? How can we locate its significance in our understanding of post-communist transformation? It is difficult to answer this question, since it is assumed that it is not an issue in the first place and even less a problem. That is, the soft socialism is not the problem, rather, it is presupposed as something good or at least the lesser evil. The true evil is rigid socialism.

And indeed, for the people who lived behind the Iron Curtain that really was not a dilemma. For them it was certainly preferable to live under some socialist rule that seemed to be more moderate than under a hard stick of Stalinism. Without questioning this, we want to investigate how positive life experiences under allegedly more liberal version of socialism in comparison with negative life experiences under stronger communist dictatorship have determined the subsequent transitional path toward democracy and capitalism.

Within the literature, if at all, “soft socialism” is treated through the idea of Yugoslav socialism, its “third way” between capitalist West and communist East and the idea of “nonalignment movement”, workers’ self-management and partial economic liberalization during the seventies ([HOFFMAN; NEAL, 1962](#); [RUSINOW, 1977<sup>a</sup>](#); [LYDALL, 1984](#); [DENITCH, 1990](#); [PEJOVICH, 1990](#), [LAKIĆEVIĆ, 2013<sup>a</sup>](#); [2014<sup>a</sup>](#)). This was perceived as a “modernizing”, “enlightened” and “liberal” version of socialism that permitted various kinds of freedoms – an experience allegedly unfamiliar to the rest of the communist world. In fact, some Soviet satellite countries experienced a milder kind of communism too when a totalitarian cramp weakened enough to render preferable life conditions. Understandably, this fact never gained much prominence among the population of those countries. The whiff of freedom came through benevolent acts of the great patron and not as a result of autonomous actions by the satellites.

No systematic investigation has been performed on the influence of the legacy of this kind of socialism to the transitional economies of former Yugoslavia<sup>1</sup>. Actually, much of economic literature on the Serbian transition has focused on the period after 2000 ([BEGOVIĆ, 2005<sup>a</sup>](#)). This

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1 An illustrative example is a study by Milica Uvalic regarding Serbia’s transition, where she tried to explain why Serbia, after the “good starting position in 1989, has encountered substantial delays in carrying forward the main objectives of the transition to a market economy and multiparty democracy.” She argues that transition in Serbia was slowed down by internal and international constraints. However, the influence of socialist legacy was not discussed in the book. In fact, Yugoslav socialism was briefly depicted as “market socialism” which was more favorable than socialism in other Eastern European countries ([UVALIC, 2010<sup>a</sup>](#), p.2-20).

might represent a serious obstacle to the objective evaluation of transitional performances of ex-Yugoslav states, especially Serbia, since a positive representation of the quality of life and economical accomplishments of Tito's Yugoslavia survived the bloody dissolution of the state<sup>2</sup>.

Thus, it is important to see to what extent these reminiscences of the communist past have influenced the mind and spirit of the transitional man, his general understandings of society, economy, religion and tradition, his views of the relationship between individual and society, as well as his attitude toward pre-communist and communist past. In a word, it is important to investigate and elucidate the specific "mentality" of an ordinary man that defines his understanding of society and survives and is conveyed into a different time and historical context, becoming either an obstacle or an asset of the new era. Thus, the main question of our paper could also be formulated as follows: How does a certain type of socialism affect the mentality of a transitional man?

To answer this question, it is necessary to expand the mainstream analysis that usually applies only to rigid communism by including soft socialism into the analysis with all the accompanying consequences it spontaneously produced. Factors such as rigidity or softness of a certain order and its ideology and the perceptions about the autochthonous and externally imposed ideology or system must be considered as well.

These conceptual considerations should illustrate how different combinations of factors may explain diverse transitional performances. A mixture of softness and autochthony is peculiarly detrimental for transitional societies having in mind its impact on economic, institutional, political, moral and symbolic transition. To paraphrase Friedrich Hayek, we can say that soft socialism is the most dangerous conceit ([HAYEK, 1992](#)).

The transitional experience of Serbia, a country traditionally proud of the "achievements" of Yugoslav socialism (also called "Titoism" after Josip Broz Tito) should confirm this conclusion. Here, the peculiar form of socialism with a human face produced a long-lasting and deeply entrenched mentality that has erected a barrier to social and economic improvement. It is beyond any doubt only one aspect of the wider phenomenon that Ludwig von Mises called "anti-capitalist mentality" ([MISES, 2016<sup>a</sup>](#)), although the phenomenon that Mises investigated originated from capitalist states. For it is one thing, obviously, to speak of anti-capitalist animosity within a capitalist country and a wholly different thing to speak about the phenomenon under a socialist regime. Joseph Schumpeter notably explained ([2010](#)) how capitalism breeds the seeds of its own demise,

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2 The Socialist Federal Republic of Yugoslavia consisted (SFRJ) of six republics (Slovenia, Croatia, Bosnia and Herzegovina, Montenegro, and Macedonia) and the Socialist Republic of Serbia was one of them. SFRJ was created in the communist revolution and civil war in 1944. Josip Broz Tito ruled as life-long president until his death in 1980. Serbia was the largest Yugoslav republic, with the Yugoslav capital city in Belgrade. The collapse of SFRJ began in 1991 when Slovenia announced its independences and soon Croatia followed the example. Those events were a prelude to the long and bloody Yugoslav dissolution that end with the Dayton Agreement in November 1995.

but what happens when the seeds are, in fact, deeply rooted foundations? Is there a reverse process possibility that naturally leads to capitalism just as the one that leads to socialism?

To accomplish our task, we need to employ elements of historical and theoretical analyses. This is necessary insofar as the subject matter of investigation encompasses the historical perspective of the past political order and still live legacies that it had produced. Our considerations begin with an introduction of a basic dichotomy between soft and rigid socialism, which is then followed by another conceptual pair, namely the one of home-grown and externally imposed socialism. This should distinguish four groups of different historical relationships toward socialism and bring to the fore the Serbian (Yugoslavian) combination of soft and autochthonous socialism. In the next step, the widespread myth, promoted by intellectuals, of the successfulness of Yugoslav “third way” is analyzed. Further, it is shown how such intellectual legacy hindered a fresh transitional start. Finally, the paper concludes presenting the reasons and symptoms of transitional failure by all key parameters (political, institutional, economic, moral and symbolic) <sup>3</sup>.

## 1 TWO DICHOTOMIES – CONCEPTUAL CONSIDERATIONS

The first, very simple and intuitive, is the factor of ideological *rigidity*. It states that the more rigid the communism (was), the more successful the transition (that ensued). And in reverse, it says that the more moderate the communism (was) the more uncertain the transition (that followed). If we now change the perspective and employ criteria of short and long-term cost and benefit to assess the impacts of different versions of socialism on transitional performance, we reach the following conclusion. Although “socialism with a human face” carries considerable short-term benefits for the population living under such a regime, its long-term positive effects are more questionable. The mentality in question becomes more polluted. The rigid form of communism, on the other hand, although disastrous for the population that live under its rule, has long-term (transitional) benefits. The mentality in question is healthier and less polluted. The price paid by the population living under its strong hand is high but the prospect for a better future, once the transition starts, is much brighter than in the second case<sup>4</sup>.

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3 It should be noted here that the conclusions of the following considerations can be in large part applied to all other republics of the former Yugoslavia, although the transitional performances of those countries are very different. One recent example for this parallel can be seen in [Prijo \(2017\)](#). The extension and the primary goal of this paper do not allow us to engage in this broader topic now.

4 Here we must clarify that this conceptual division, just as almost all other theoretical insights and considerations, is supported by some value-added assumptions that help to create the division in the first place. The core ingredient of these assumptions is the firm conviction that private property, free market, rule of law, good traditions, universal religion, and diversification of political power are fundamental elements of civilization.

The second is the factor of *autochthony*. Here we imagine the idea of home-grown socialism on the one hand, and the externally imposed one on the other hand. This is of the greatest importance for understanding the reasons that lead some countries to rush into radical change as well as the motives of other ex-communist countries for ignoring more radical and far-reaching reforms. Examples of autochthonous socialism are evident in the cases of Yugoslavia and Russia, while in almost all other cases communism was imposed by the argument of Soviet tanks<sup>5</sup>.

Obviously, these factors represent just partial and incomplete explanations of the investigated phenomenon; they should not be understood as ultimate keys for the elucidation of the transitional processes. Rather they should be perceived as aspects that can and usually do influence transitional change. The pace and manner of the change is the subject of the specific historical context determined by numerous factors – political, cultural, historical, economic – but that does not mean that historical contingency should be perceived as the final arbiter here. Although social phenomena are fluid and intertwined, it is nevertheless possible to grasp some major traits in the manner that can further our understanding of the phenomenon under investigation and thus explain what can otherwise be perceived as a myriad of unrelated events and facts.

Let us observe the following dichotomies based on the notions of rigidity and autochthony related to the specific historical period and the degree of detachment from the symbolical, moral, political, economic and institutional legacy of communism – the process that can be called debolshevization<sup>6</sup>.

Thus, we have the dichotomy of soft/hard communism and the dichotomy of autochthonous/imposed communism relating to time ( $t$ ), where  $t$  stands for the specific time, namely, the beginning of the transition, and in the relation to the variable ( $v$ ) where  $v$  means the degree of detachment from the socio-political heritage of communism. We will see that if things are presented like this, “rigidity” means greater detachment from communism at a specific time ( $t_1$ ), while “softness” means lesser detachment from it (at time  $t_1$ ). On the other hand, at time  $t_1$ , “autochthony” comes naturally with less resistance to communism, while “imposition” consequently means greater detachment from it (see graphics 1 and 2 at the end of the second part of the paper).

Let us now take an additional step and make further possibilities noticeable by bringing the different aspects of our dichotomies into the relation.

5 One interesting example represents the case of Enver Hoxha's Albania which became a communist country not through direct but through indirect Soviet military assistance, through the stretched Yugoslav hand which seems to have greatly contributed to the Communist Party of Albania consolidation during and after the war.

6 By the term "debolshevization" we assume a comprehensive break up with all segments of the communist past of a certain country, whether in its institutional, legal, economic, moral or symbolic form. This also includes the process of lustration as was practiced in some East European countries as well as criminal prosecution against the people involved in various molestations during communism. Within the literature that treats post-socialism there is a similar but narrower concept of "decommunization" used by [Pejovich \(2001\)](#). However, it is related just to the economic aspects of dealing with the communist past.

a) If we conjunct rigidity and autochthony, we notice that the latter naturally tends to mitigate the former. A perception of home-grown socialism, especially when accompanied by the perception of its successfulness tends to lead to a relativization and diminishing of the negative aspects of rigidity. This is seen in the case of Russia where national pride in the “accomplishments” of the Soviet era, first and foremost its contribution to the crushing of Nazism and becoming a world superpower, have made it almost impossible for this society to strive for some external social and political paradigm. Unlike the satellite countries, neither Russian policy-makers nor the public accepted the inevitability of transition enthusiastically; they rather understood it as a natural (geopolitical) disaster that should be taken care of with any possible means until the system regained its optimality. In part, they blamed western democracies for the situation, and when the expected level of (financial) understanding from the West fell short, the feeling of animosity toward the western political paradigm intensified as the transition went into disarray. The same logic might be employed in the analysis of the case of Albania, where there was both a cohabitation of rigidity and a perception of home-grown socialism until the very end<sup>7</sup>.

b) If we now observe the second possibility, a combination of rigidity and externally imposed ideology, we will see that this possibility is the most preferable in terms of transitional aims. The conclusion has been corroborated with plenty of experience of ex-communist countries from all around Eastern, Central and Southeastern Europe. The successful examples of the Czech Republic, Poland, Hungary, the northern Baltic “transitional tigers”, especially Estonia, demonstrate that the strong animosity toward externally imposed ideology combined with the rigidity – which was its trademark all around Eastern Europe, pushed those countries toward a radical breakup with the socio-economic and symbolic legacies of communism, although the process of political and economic liberalization was noticeable in these countries during the last phase of communism's dying out<sup>8</sup>.

On the Estonian example we can see how this urge for debolshevization combined with a clear reform agenda might bring far-reaching results in just two years (1992-1994). The reform package ([LAAR, 2002](#)) consisted of radical changes in the monetary sector that stabilized domestic currency (the introduction of the currency board); a large-scale liberalization of the economy (which

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7 It seems that the modern Albanian state was consolidated with the rule of Enver Hoxha and his ideology of national-communism. Hoxha's dictatorship was marked by extreme autarchy and isolationism towards both the capitalist West and the communist East, and most importantly its ideological father, Tito's Yugoslavia. See [Glenny \(2012<sup>a</sup>\)](#). This contributed for the strengthening of the perception of national independence, self-sufficiency and statehood – “achievements” that even US Albanian emigration accepted as such as Glenny remarked ([2012<sup>b</sup>](#), p.569). Both the legacy of communist institutions and the prescriptions of the older society were too inimical to the democratic pedigree of the new institutions that needed to be created. This factor might explain in some degree the pitfalls of Albanian transition, which was doomed to “descent into lawlessness” ([JEFFRIES, 2002](#), p. 4) and even the short phase of anarchy in 1997 after the state crumbled following the collapse of pyramidal schemes.

8 In fact, those countries in many respects did not significantly (or at all) lag behind Yugoslavia in terms of socialism with a human face. This was especially visible in the last decade of communism.



caused a huge influx of foreign direct investments); prompt privatization and tax revolution (introduction of a flat tax rate). All those reform activities were followed by the building of the rule of law, which provided investors and other market actors with a necessary business security.

Even in this successful case, things did not go smoothly. Estonian reformer, liberal-conservative, Mart Laar was forced to leave office after just two years. The similar faith hit famous Polish reformer Leszek Balcerowicz after implementation of what was dramatically called a shock-therapy. Nevertheless, Poland was the only European Union country that in 2009, after the shock wave of world economic crises hit Europe, avoided the recession ([PIATKOWSKI, 2015](#)), and Estonia today is ranked as seventh in the world and the third of 44 European countries on the Heritage index of economic freedoms ([HERITAGE, 2018<sup>a</sup>](#)). In both cases the change was irreversible, and it would not have been possible in the first place if there were no need for debolshevization.

The push was strong and the enthusiasm high, even though the same line of success was not observable everywhere. Neither do “the infamous” cases of Bulgaria (where the communist Hydra cut its own head to survive managing to successfully remain in power), Romania (where the population could not straightforwardly make a speedy recovery from the totalitarianism of Ceausescu) and Slovakia (where the crawling authoritarianism of Vladimir Mečiar captured the transition) bring this logic into question. Unlike the case of Yugoslavia, and especially Serbia, at the outset of the transition those countries have experienced a real need for moral, symbolic, institutional and political detachment from the communist past, but the process was to some extent stalled and prolonged due to specific circumstances.

It is of primary significance to make it clear that the first condition of successful reforms is present in those cases where the process of debolshevization has been fulfilled. But to have debolshevization underway one has to primarily have a need for it. Some countries came to terms with that need more successfully than others. The reason why other factors did not conjoin to make it for successful stories in later cases as in the case of more admirable examples is not of concern here, for if the minimal criteria for the success of transition is the ideological, political and economic disconnection with the communist past, then it becomes clear that this is just a necessary but by no means a sufficient reason for the effective transformation. Nor is there a clear-cut division between cases in which the state longed for debolshevization and ones in which the state did not. There was a strong need for lustration in Romania, of course, but the bloody overturn of the Ceausescu regime gave priority to national reconciliation over a more strictly undertaken debolshevization process ([DIX; REBEGEA, 2010](#)). And in Bulgaria the need had not been so strong, especially after the Party successfully scapegoated Todor Živkov and showed understanding for a milder form of debolshevization ([STOYANOV, 2017](#)), thus pouring some fresh blood into the old communist veins.

c) We see the third solution as a partly theoretical and partly historical possibility. However, essentially it is just a theoretical possibility because one could hardly find any communist country where communism was imposed externally while simultaneously being “liberal” *from the outset*. Everywhere in the East we see totalitarian – Stalinist – beginnings, but things change with evolution to “post-totalitarianism” and especially the last phase of the communist era<sup>9</sup>.

In the final decade of communism we can see how opposition movements in those states became ever stronger while the control of the Party authority became less firm and rigid. This is especially evident in the case of Poland, Hungary, and Czechoslovakia, countries that can be subsumed into this fourth category as well, if we just observe a factual kind of communism in those countries at this specific timeframe. As ideology ran out of fuel and the USSR became weak due to its internal problems, opposing voices became stronger and less subject to brutal reprisal<sup>10</sup>. Here, in the more figurative sense of the words, we can speak of a type of communism that is both liberal and yet externally imposed. Apart from that, this conceptual possibility represents just a self-contradictory idea inapplicable to Soviet-style imperialism<sup>11</sup> and totalitarianism.

## 2 THE YUGOSLAV MIXTURE

The fourth possibility (d) represents the combination of softness and autochthony. We found this to be the most harmful for the mind and spirit of post-communist man. The case of Yugoslavia and consequently Serbia represents its vivid example. Historically, softness has been associated with “workers self-management” while the autochthonous character of Yugoslav socialism with the Partisan war ([RUSINOW, 1977<sup>b</sup>](#), p. 61).

### 2.1 Softness

The economic history of communist Yugoslavia has two main phases ([SIRC, 1979<sup>a</sup>](#); [RUSINOW, 1977<sup>c</sup>](#)). The first, that followed immediately after the end of War (1945-6), was marked

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9 In spite of the unsuccessful mutinies of the Polish October (1956), the Hungarian Uprising (1956) and the Prague Spring (1968), all suppressed in cold blood by Soviet forces and their branches, the wheel of time could not be stopped; a tacit compromise was made that enabled a slow but still noticeable liberalization in those countries. The “compromise” reflects variations of what Linz and Stepan call “early”, “frozen” and “mature” post-totalitarianism ([LINZ; STEPAN, 1996<sup>b</sup>](#), p. 42) and since Yugoslavia experienced a totalitarian phase (from 1944-48) it could be subsumed under their conceptual division too.

10 And if we, again, compare those countries with Yugoslavia’s soft socialism, we will see the striking advantage that those countries had compared to this country where no serious opposition existed, where dissidents were silenced and bribed, and where society was unmotivated for any substantial change of the socialist regime. Having this in mind, we can rank the case of Yugoslav communism in the “frozen” variation of post-totalitarianism rather than in the mature phase.

11 But this is quite possible for a “benevolent imperium” – if there are any such under this label – that leaves enough space for personal freedom to stay intact (freedom of religion, customs and traditions as well as property rights) and taking care to minimally burden its subjects.



by a Stalinist commanded economy, large-scale nationalization of privately-owned assets, collectivization of agriculture and colonization of areas ethnically cleaned from resident Germans and Italians<sup>12</sup>. Fundamentally, pre-war market-oriented privately-owned economy with a functioning price mechanism was violently replaced with a centrally planned economy with the state (the Party) as the main “owner over the means of productions” and arbitrary price mechanism. But this model soon collapsed due to internal dysfunctionality. The economic downfall coincided with political misunderstandings with Stalin that culminated in expelling Yugoslavia from Cominform in 1948<sup>13</sup>. The evolving crises behind the Iron Curtain was carefully overseen by western capitalist states who determined to help this divorce pass smoothly, particularly in the financial sense of the words.

The introduction of workers' self-management (WSM) in 1950 marked the second phase which consequently led to the softening of communism in Yugoslavia. On the ideological level, WSM represented a proclamation that communism will not be abandoned in Yugoslavia. Moreover, the move was justified by the necessity to embrace even more of ideological orthodoxy. It meant retreat from Lenin and Stalin to Marx<sup>14</sup>. On the economic level, it represented the gradual abandoning of central planning. But crucially, WSM was just a political and economic survival tactic ([WILSON, 1980<sup>a</sup>](#)) in a time of serious crisis.

The regulatory changes from 1950 initiated the formation of workers councils (radnički saveti) firstly with just an advisory role and later, from 1963, with operative functions ([LYNN et al., 2000<sup>a</sup>](#)). The introduction of WSM marked the beginning of a process of erosion of the once monolith socialist ownership, without, however, seriously endangering the Party's role in the economic life of the country.

WSM was and stayed until the very end a contradictory endeavor. “Self-management was powerless in face of either the bureaucratic plan or the market” ([SAMARY, 1995](#), p. 61). Full implementation of a market mechanism and a change to private property would inevitably lead to the demise of socialism, while the retreat to complete bureaucratic control would diminish its humane guise. Kuehnelt-Leddihn prophetically speaks on the destiny of Yugoslav socialism at the time of its apogee:

Revolution always remains a possibility (though in a totalitarian state a fairly remote one), but from an evolutionary viewpoint socialism is always a dead-end street. Yugoslavia now experiences this difficulty. If you have the two long legs of free enterprise you can run; with

12 For the history of the ethnic Germans annihilation by Tito's communists, see: [Österreichische Historiker-Arbeitsgemeinschaft Für Kärnten und Steiermark \(1992\)](#) and [Wildmann et al \(1998\)](#). For the Italians ethnic cleansing, see: [Ballinger \(2002\)](#).

13 Glenny even claims that Yugoslav revolutionary communism surpassed its Stalinist role-model: “To disprove the claim of revisionism, the leadership in Belgrade decided instead to speed up collectivization, demonstrating that it was not Yugoslavia but Soviet Union and its allies that had strayed from the path of Stalinist orthodoxy” ([GLENNY, 2012<sup>c</sup>](#): p. 546-7).

14 Namely, to the Marx's idea of “free association of producers” firstly proposed by Milovan Djilas ([DRACHKOVITCH, 1982<sup>a</sup>](#), p. 354).

the short legs of socialism you barely walk; but with one long and one short leg you fall on your nose. ([1974](#), p. 210).

Thus, one should overestimate the liberalization achievements of Yugoslav communism, let alone call them “laissez-faire socialism” as, for example, does Rusinow (1977, p. 138-191), although they brought about some elements of a more open and decentralized economy. First of all, until the very end of Yugoslavia’s existence as a state, a private property-based economy of any significant form practically did not exist<sup>15</sup>.

Liberalization came as readiness to receive vast amounts of foreign financial aid<sup>16</sup>, trade, and imports from the West; it presupposed decentralization based on “social property”<sup>17</sup>, tax reforms as well as more liberal practices to work in and travel to Western European countries<sup>18</sup>. Also, the consumer goods market was more open than in other socialist countries.

Although this opening had helped communist Yugoslavia to survive and prolong its lifespan, the experiment with “workers democracy” completely failed. The lack of functioning price mechanisms (prices were determined largely arbitrarily<sup>19</sup>) prevented socialist firms to organize production rationally. The firms miscalculated real market needs, producing too much or too little commodities, usually without the knowledge of what is to be produced at all<sup>20</sup>.

The first phase of WSM (1950-1964) was marked by high inflation and unemployment ([DRACHKOVITCH, 1982<sup>b</sup>](#)). But the second phase (from 1965-1972) brought even more difficulties. The newly introduced decentralization of economic factors was not followed by changes in the ownership structure, which as a consequence additionally contributed to the practice of irresponsible

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15 Apart from so-called “STR” (Serbian: samostalna trgovinska radnja) meaning “independent trade enterprises” reserved for small crafts and trades introduced after the initial large-scale Leninist centrally-planned economy failed. Like the owl of Minerva, the institution of private property was introduced at the very end of Yugoslavia, with the reforms of Ante Marković (1989-1990), but that was too late for the gloomy destiny had already started unfolding.

16 During the first phase of WSM (from 1951), the communist regime had welcomed an annual inflow of 100\$ million in foreign financial aid ([SIRC, 1979<sup>b</sup>](#)).

17 Introduced in 1953 as a kind of ownership that belongs neither to the state nor to the working people, but to “society”. Yugoslav workers were not owners of the factories, but the factories were owned by “society”. The main idea was that the workers would eventually build the sense of higher cause, and work for society and not for themselves primarily ([SIRC, 1979<sup>c</sup>](#), p. 73). In reality, the property was de facto owned either by “alienated” communist managers or by the Party, and the workers rational response was “you cannot pay me how little I can work”. In short, what was called social property (or ownership) demonstrated the pitfalls of “the tragedy of commons”.

18 However, not everyone was able to obtain that passport. For example, Tito’s regime did not want to release the families of political emigrants which were held as hostages, and UDBA (the communist secret police UDBA – Uprava državne bezbednosti) was able to put a ban on the issuance of passports. Police and UDBA also deprived many people from passports for political reasons.

19 Ljubo Sirc illustrates this with the words of communist economist Krasovec: “planners used to establish endless lists of requirements for industry, transport, mining, etc. in physical terms, without taking any notice of prices. All they had to match them with were figures for the so called ‘capacities’, possible output of industrial plants, frequently not connected with each other. The best that such balancing could possibly achieve was consistency of plans, but certainly not optimality” (1979, p. 8). See also Rusinow (1977, p. 177).

20 As Sirc observed, socialist’ firms produced: “abnormally large stocks of all kinds of machinery, and especially agricultural machinery, at the beginning of the 1950s” (1979, p. 4).

management. The enormous indebtedness during the 1970s followed as a result (OECD, [1989](#); [1990](#)).

When the golden era of foreign aid donations passed, Yugoslavia was left with the option to take loans only on commercial bases. Market simulation made things even worse with the transfer of state investment funds to the banks organized as self-management units ([DRACHKOVITCH, 1982<sup>c</sup>](#)). This had opened the door for the policy of comfortable and uncontrolled borrowing. As a consequence of these and many other shortcomings Yugoslav economy showed symptoms of great illness, with staggering inflation and unemployment, although the latter was partially mitigated by exporting working force. Work abroad in western countries for some 20% of the whole working population (outside agriculture), which comprise roughly 1 million people<sup>21</sup>, was systematically organized and promoted by the state:

Yugoslav 'guest workers' in Central Europe, and particularly in Western Germany, became an important factor in the political and economic calculation of the Yugoslav and recipient Governments. So far as the Yugoslav were concerned, it was better that such people should find work abroad than that they should stagnate in the villages at public expense, and their remittances in hard currency were a useful item for the Yugoslav foreign exchange budget. On the other hand, the large-scale manpower export was a poor advertisement for the Yugoslav socialist model ([WILSON, 1980<sup>b</sup>](#), p. 176).

Coincided with the death of its life-long president<sup>22</sup>:

By the end of 1980 Yugoslavia's foreign debt totaled \$16 billion (about 90 percent with Western countries); Inflation rate in November was 36 percent and rapidly rising; unemployment stood at 13 percent; the economy was plagued by persistent shortages of practically everything from medicines to edible oil to coffee and detergents; petroleum imports increased by more than \$1 billion; about 700.000 tons of wheat had to be imported; nearly 1,800 enterprises were operating in the red, with an aggregate loss of \$725 million; and despite improvements over 1979, the balance of payments was negative by some \$2 billion. Stagflation, Yugoslav style, had indeed set in. (DRACHKOVITCH, 1982, p. 376).

Since the Yugoslav socialist model, at first glance, was not as brutal as that of other Eastern European countries, it was widely believed that the transition in Yugoslavia or Serbia should not be as radical as it was in Poland or the Czech Republic. It was also a wide-spread belief that Yugoslav "soft socialism" was some kind of an advantage in transition, because Yugoslavia

21 Work abroad went on at such a large scale that Sirc described it as an "exodus" (1979, p. 199).

22 Eminent publicist Pero Simić found that already by the early 70's Kardelj expressed worries among the inner circle of communist top-level officials that Yugoslavia's communist experiment came to an end economically ([SIMIC, 2011<sup>a</sup>](#)). This was even recognized by some authors with a favorable view of socialism in Yugoslavia: "Self-management as a social and economic system that the country was implementing was already running to the end of its limits by the late 1960's" ([JAKIR, 2005](#), p.138).

allegedly had a long tradition “in market-oriented reforms” and “some form of economic democracy” ([UVALIC, 2010<sup>b</sup>](#), p. 14, 20-21, 29).

However, this belief was utterly wrong. All so-called economic reforms were ideologically inspired and supervised, partial and superficial ([MARSENIĆ, 2003<sup>a</sup>](#)), because the most important institutions like private property, free market, the rule of law, and political pluralism were not introduced. Consequently, all these “economic reforms” were futile, because no real market economy can be based on “social property” and economic calculation was impossible<sup>23</sup>. It would mean a market without independent, autonomous actors, who are accountable for their actions.

In reality, workers enjoyed far less autonomy and power in the self-management system than it was believed.

The Communist Party in Yugoslavia has managed to maintain a great degree of power within the enterprise. One avenue of power is found in the aktiv, which is a crucial link between the enterprise and other socio-political organizations. Organized by Party members who generally held important positions in those outside organizations, the aktiv had a tremendous degree of influence over internal enterprise policy. ([PRYCHITKO, 1991<sup>a</sup>](#), p. 67).

On the other hand, workers were also reluctant to manage the enterprise.

Workers tend to lack real interest in managing the enterprise. In fact, as Egon Neuberger and Estelle James have argued, workers would rather not take responsibility for decision-making, because decision-making is too risky. Good decisions may bring about higher incomes, but they may also bring about greater expectations by the Party and thus greater responsibilities in the future. Moreover, bad decisions hurt immediately. Workers therefore tend to fall into routine ([PRYCHITKO, 1991<sup>b</sup>](#), p. 67).

Practically, they were only interested in the wages and current profit sharing. “Bitter conflicts of interest appear over the issue of how much profit should be handed over to the workers for personal consumption and how much should be ploughed back into the enterprise for investment” ([PRYCHITKO, 1991<sup>c</sup>](#), p. 68)<sup>24</sup>.

“Soft socialism” and self-management created a particular kind of anti-capitalist mentality. The most important legacy of self-management was a mentality of unaccountability that always emphasized rights without acknowledging the connection between rights and duties. Self-management was more an obstacle than an advantage ([BEGOVIĆ, 2005<sup>b</sup>](#), p. 438-439).

For example, a wage was seen as a right, even when it was unearned. It was understood as a category which was independent from the efficiency of an enterprise and its performances.

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<sup>23</sup> As theoretically demonstrated by [Mises \(1990 \[1920\]\)](#) and [Hayek \(1940\)](#).

<sup>24</sup> Similar conclusions can be found in [Lynn et al. \(2000<sup>b</sup>\)](#).

Another so-called right was the right to work, which was also understood not as a negative freedom (freedom from), but as a positive freedom (freedom for). It practically meant that the state was obliged to provide jobs for everyone. In general, workers were prone to believe in communist propaganda, according to which they alone were producers of values, and all other professions were seen as less important.

At the center of this mentality there was a passive individual, armed with his rights and entitlements given by the paternalistic state. It meant that personal responsibility was actually delegated to the “higher level of decision-making”. In such a context, the connection between freedom and responsibilities<sup>25</sup>, as well as the connection between acts and consequences was broken. Unsuccessful firms were frequently protected from bankruptcy and their losses were simply “socialized”.

## 2.2 Autochthony

The myth that the brave communists (partisan guerilla) under the leadership of Communist Party of Yugoslavia (Komunistička partija Jugoslavije – KPJ) crucially contributed to the liberation of Serbia from the clamps of fascism is still widespread and unquestionable.

It implies that communism was not imposed externally, that it was internally created and that later, in the confrontation with the “left deviations”<sup>26</sup> of Stalinism, its true manifestation arose for the first time in the world of communist reality.

Jeronim Perović observes that

Tito-era accounts suggest that Yugoslavia had been pursuing its own course toward socialism from the first days of the partisan resistance in 1941, not just since 1948. To varying degrees, this version has been accepted by many Western scholars writing about the Tito-Stalin split (2007, p. 34).

The story goes further claiming that the Yugoslav example of socialism demonstrated the possibility for a real and viable solution that would elevate itself above the extremes of the world of rigid communism and the world where unhampered market forces dehumanized all aspects of humanity. The myth had to be accompanied by its official “philosophical upgrade” known as the

<sup>25</sup> This had morally destructive consequences, because part of the population was too ready to trade its political, moral and economic freedoms as well as its personal autonomy for questionable economic security and some material gains.

<sup>26</sup> The term refers to the praxis of red terror and mass killings of civilians (representatives of the “class enemy”) by Tito’s partisans in 1942 in Montenegro, in the territories that were allegedly liberated from Italian occupation forces ([LAMPE, 2000](#), p. 214; [SHEPHERD, 2012](#), p. 152).

“Praxis school” led by eminent Yugoslav Marxists of the time such as Mihailo Marković, Milan Kangrga and Gajo Petrović<sup>27</sup>.

It is crucial here to stress that the perception of the autochthonous character of communism is not necessarily in line with historical truth. In Serbia's case, communism was established with the help of the Soviets, although the prevailing opinion among the population today is that it was an autochthonous movement and ideology originated from the special dedication and struggle of Yugoslav communists under Josip Broz Tito<sup>28</sup>.

Both the character of the final military operations and the phase of terror directed against “the enemies of the revolution” that followed speak about the nature of so-called liberation. In the famous dispatch from the 5<sup>th</sup> of July, 1944 ([SIMIĆ, 2011<sup>b</sup>](#), p. 130-193), Tito asked Stalin for help to “solve the issue of Serbia” where “the positions of the King’s supporters are being strengthened in every possible way” by England. Tito offered rich financial compensation in return. The call for help was understandable. Tito’s partisans were beaten by the royalist forces of general Draža Mihailović while attempting, unsuccessfully, to enter Serbia in March and April 1944 ([VUCKOVICH, 2004](#); [SCHMIDER, 2010](#), p. 186). Only after the Soviet army of possibly over 200,000 Ukrainian soldiers together with rapidly mobilized “antifascist” Bulgarian units entered Serbia did the partisans make their “own way” to Serbia, that is, on the Soviets’ accomplishments ([LANE, 2004](#), p. 91).

What has been since then called “liberation” and still celebrated annually was in fact just the switch of the colors of totalitarianism – red replaced black. The phase of “liberation” that ensued represents the bloodiest phase of terror<sup>29</sup> that even overshadowed terrible Nazi crimes during the occupation. In contrast to the still prevailing myth, these events clearly reflect the fact that, as historian Leslie Benson remarks, “Serbs did not choose communism either, as the strength of the Chetnik movement demonstrates” ([2001](#), p. 87).

Historian Srđan Cvetković compared and presented data that shed new light on the infamous beginnings of Yugoslav socialism. Based on “the number of executions without trial in the first months after liberation by the revolutionary authorities in Serbia and Yugoslavia” he states that... “the regime was incomparably more repressive than anywhere else in Eastern or Western Europe”. Having presented all the data concerning Western and Eastern Europe, he concludes that:

according to all indicators, the number of those killed in Serbia is at least twice as high as those killed in the country with the second highest number, Bulgaria, while in comparison to

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27 On Praxis School of Philosophy see [Marković; Petrović \(1979\)](#).

28 “Popular support for the regime also derived from the much deeper roots of communist ideology in Yugoslavia, since communism was not imposed from the outside as in CEE, but through the grass-roots revolution during World War II” ([UVALIĆ, 2010<sup>c</sup>](#), p. 30).

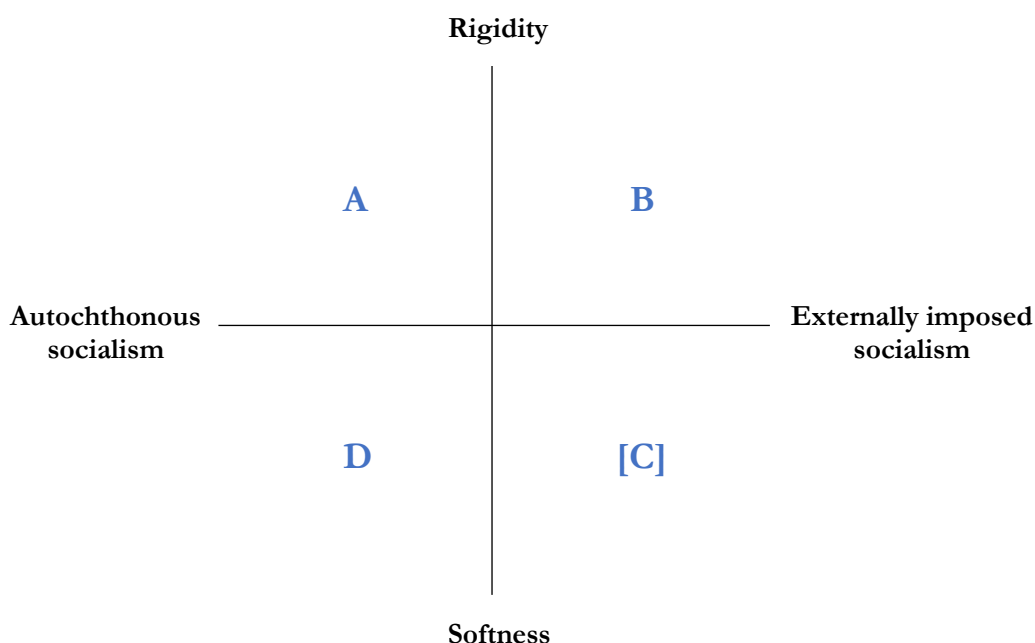
29 Koštunica and Čavoški have shown that in the 1944 – 1949 period, particularly in the first three years (1944 – 1946), the foundations were laid down for a new communist order in its Bolshevik form. They conclude that later revisions in everyday politics did make some cosmetic changes, but the foundation remained the same. During those early years, Yugoslav communists were far more radical and ruthless compared to other communist parties across Eastern Europe ([KOSTUNICA; CAVOSKI, 2011](#)).



France, and particularly the rest of Europe, the number of those killed at the end of the war runs from twenty to even several hundred times higher. If we also count the indirectly killed, i.e., civilians killed in camps and prisons (approximately an additional 35,000 in Serbia), the share of those killed per one million inhabitants would grow to over 10,000, which would constitute an infamous European record. (CVETKOVIĆ, 2016, p. 95)<sup>30</sup>.

Thus, it is important to underscore the difference between a home-grown ideology/movement and the myth of a home-grown ideology/movement. A specific type of socialism only began to develop after 1948, but up to that moment the Yugoslav Stalinist phase had already completed its revolutionary mission. The class enemy – Serbia's bourgeoisie, national intelligentsia, pre-war monarchist institutions, democratic elections and the free market – was annihilated.

**Graphic 1: Four possible combinations of rigidity, softness, autochthonism and externally imposed ideology at the time of the beginning of transition.**

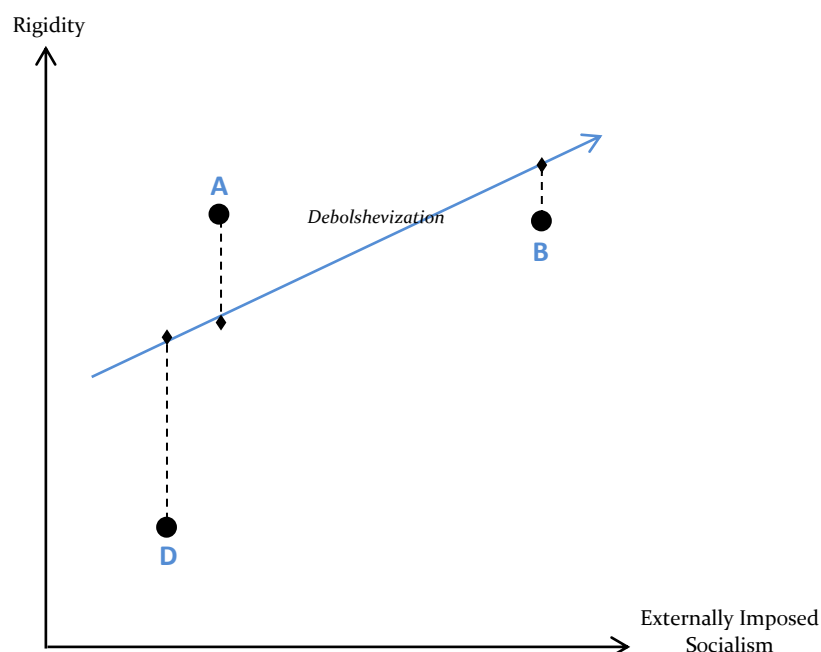


Source: Prepared by the authors

\*A being case a), B case b), [C] being only theoretically possible, stands for case c) D for case d)

**Graphic 2: Relationship between debolshevization with three possible cases at the time of the beginning of transition ( $t_1$ )**

<sup>30</sup> Regarding communist brutality see also (RAJIĆ, 1991<sup>a</sup>).



Source: Prepared by the authors

### 3 THE INTELLECTUALS AND COMMUNISM

Yugoslav socialism with a human face was and still is widely perceived as successful not only because it brought emancipatory relief to a population which, prior to the revolution, lived a life full of misery, poverty and backwardness, but also because of its economic accomplishments that spurred industrial, technological and infrastructure modernization. This has been a conventional wisdom largely supported by intellectuals<sup>31</sup>, especially neo-communist Serbian historians<sup>32</sup>.

The paradigmatic example of this attitude comes from a contemporary author who writes:

It is easily forgotten that the SFRJ economy was the most liberal and perhaps the most successful among the socialist countries. Although devoid of a market form of property, a managerial economy was created which could not be destroyed and looted without a war. That great self-sufficiency of the economic sphere in opposition to the political state was the most significant generator of war, due to the fact that the newly formed state elites succeeded in imposing private interests on the political state through a mixture of nationalism and demagoguery, but could not make this profitable in the economic sphere without waging a war... The main cause of the war was a form of government that could not be established in any different way. ([VRKATIĆ, 2009](#), p. 240).

<sup>31</sup> Many people and especially intellectuals passionately loathe capitalism ([MISES, 2016<sup>b</sup>](#)). The situation in universities is alarming. Orthodox Marxism cloaked in many forms of political philosophy, sociology and anthropology is still firmly entrenched. Apart from the university, the Serbian intellectual scene is also generally left wing.

<sup>32</sup> Evident in the works of: Petrović (2001), [Popović-Obradović \(2008\)](#), [Stojanović \(2009\)](#), [Milosević \(2017\)](#).

A lot of wording would be needed to analyze all the conceptual and logical flaws and mix-ups present in the above quotation. If we put aside the confused usage of the term “liberal” the most important point is that while the author praises those factors that according to him brought about unprecedented economic development in the communist world (although “devoid of a market form of property”), he at the same time paradoxically sees in them the main reasons for the failure of the state. The further provocative statement consists in the thesis that even a small amount of economic freedom, as a consequence of economic decentralization (although “devoid of property”) inevitably produces social inequalities, and consequently leads to nationalism and war. This resembles Stalinist rhetoric and contempt toward freedom and diversity of life, no matter how small and fragile that freedom was in Yugoslavia. In the opinion of Vrkić, and similar authors, Yugoslavia was not destroyed by its structural deficits, artificial ideology of “brotherhood and unity” and failed economy of workers' self-management, but with the help of market forces.

The following quote paradigmatically illustrates the intellectual climate among the vast majority of intellectuals at the beginning of the transition:

At last, and all that monstrous, and systematic, negation of the People's Liberation War<sup>33</sup>, which reached its delirium in the killing of Tito in downtown Tito's Užice<sup>34</sup> – isn't that also simultaneously this paranoid negation of the world, since the People's Liberation War is the zenith of the history of our world, our involvement in the world: Tito is a worldly man. (KONSTANTINOVIĆ, 1996<sup>a</sup>, p. 6)<sup>35</sup>.

The idea is simple. History before WWII was mostly local and unimportant, and only the “anti-fascist struggle” and “People's Liberation War” had universal meanings. Logically, every attempt to demythologize that war and Partisan movement was seen as “revisionism” and “anti-anti-fascism”. Thus, the collapse of communism is interpreted as a reaction and a historical fallback, or a return to pity localism, “pre-historical age” or a “rebellion against the world”. For Konstantinović, the decomposition of the People's Liberation War is “the demolition of the world”. So, if socialism

33 The “People's Liberation War” or “People's Liberation Army” (Serbian: Narodnooslobodilčka vojska) is one of the chief notions of communist mythology and was the official communism era nomenclature for the communist guerilla in Yugoslavia. The purpose of such terminological coinage was to conceal the ideological aspect of the movement (the social revolution) and to imply that the population overwhelmingly chose this movement and its cause over the alternative, monarchist and pro-western one.

34 Referring to the removal of Tito's bust from the city of Užice that took place in 1991. Although that was a sporadic and in fact an ad hoc measure of debolshevization caused by the specific context (apart from some municipalities of Belgrade, that was the only city in Serbia where the anti-communist opposition won in the 1991 local elections), this is still perceived by a vast majority of intellectuals, not only of leftist orientation, as a blasphemy to the narrative of the anti-fascist and modernizing tradition of Serbia. 2015 saw initiatives by some political parties and intellectuals to return the bust to the central city square where it once stood (BLIC.T, 2015).

35 Exactly the same phrase was used by Latinka Perović (2008<sup>a</sup>). It is not an accidental word choice, and the connection between Tito and the world is much deeper. Serbian globalists and advocates of one-world ideology are united by Titoism see Lompar (2013).

means anti-fascism and progress, privatization and capitalism are synonyms for backwardness and fascism<sup>36</sup>.

Even more, this attitude of glorification is also noticeable in intellectual history, that is, in the forgeries of communist and neo-communist historians and theoreticians. Their history has two claims: first, that apart from socialist thought in all its variants, nothing else worth mentioning ever existed in the history of ideas and ideologies in Serbia. Second, that even the indigenous social democratic tradition of Svetozar Marković is just a prelude to and a natural phase in the development of thought that had its apogee in the ideological orthodoxy of the KPJ.

In their histories of political thought authors such as [Marković \(2009<sup>a</sup>\)](#) and [Simeunović \(2000\)](#) deliberately weave a veil of ignorance over the rich and in many respect quite remarkable classical liberal and conservative thought in Serbia, especially from the second half of the 19<sup>th</sup> century unto early 20<sup>th</sup> century. The names of great theoreticians, writers, economists and ministers of finance such as Stojan Novaković, Milan Kujundžić Aberdar, Vladimir Jovanović, Živojin Perić, Kosta Cukić, Čedomilj Mijatović... – are completely omitted from this neo-communist historical and theoretical narrative. Some of these, by the late 19<sup>th</sup> century, cultivated economic thought in the line of classical liberal tradition. To this day but a few authors researched this tradition (MIJATOVIĆ, [2008](#); [2017](#); [MILJKOVIĆ, 2001](#); [TRKULJA; POPOVIĆ, 2001](#)).

How far the intellectual forgery went is most evident when [Marković \(2009<sup>b</sup>\)](#) attached a “utopian character” to the Serbian social democratic tradition ([MARKOVIĆ, 2009<sup>c</sup>](#), p. 1) although the Yugoslav communists proclaimed this tradition as the most dangerous enemy to be obliterated first in the revolution. Furthermore, during WWII, all Serbian social democratic parties joined the royalist movement of general Mihailović, most notably its eminent representatives such as Živko Topalović who in 1944 became one of the key ideologues and supporters of the movement ([SUBOTIĆ, 2011](#)). But these facts were erased and modified immediately after WWII in a Soviet-style rewriting of history which created the myth of a long historical aspiration and struggle of the South-Slavs for the ideals of social justice, equality and solidarity understood in utopian terms.

The unfortunate consequence of this is that Serbian liberals or even libertarians have a benevolent view of communism, especially its “modernizing”<sup>37</sup> and “anti-fascist” components, thus having been unable to understand why the process of debolshevization is of crucial importance for any post-socialist society. Some of them are ready to glorify certain communist leaders for their

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36 Some historians are so radical that they depict the entire Serbian history as a history of Serbian fascism. According to Petrović, Serbian fascism is older than its Italian or German counterpart. It is not only the first, but a long-standing one as well, because it came back after the fall of communism ([PETROVIĆ, 2015](#)).

37 It is rather puzzling to see libertarians who defend the autocratic regime and its suppression of all basic liberties in the name of technical progress and “modernization”. One should ask what the concept of “modernization” means in that context.

alleged liberalism and openness, thus perpetuating communist myths about Yugoslav “authentic and autochthone socialism”<sup>38</sup> and “socialism with a human face”. Even they are prone to supporting left-wingers in terms of politics of “affirmative action”, “politics of recognition”, “gay marriages”, “multiculturalism” and so on.

The most striking example is definitely Latinka Perović. Although she defined herself explicitly as “some mixture of liberal and leftist” ([2008<sup>b</sup>](#), p. 118) it is widely believed that she is the most prominent advocate of liberalism in Serbia. Nevertheless, she is much more a representative of neo-communist ideology behind the veil of liberalism. This is not surprising for she was a high-ranked member of the communist regime (Secretary of the Central Committee of the Communist League of Serbia) during late 60s and early 70s. This is a very important moment because it is believed that she was a “liberal” within the communist regime. Even if we disregard the fact that no real liberalism was possible under the totalitarian regime, it is still strange the understanding of “liberalism”, keeping in mind that at the time she never raised her voice for the freedom of speech, for instance. Not even when university professors were prosecuted and sentenced to prison (such as Mihailo Đurić). Actually, during that period “liberal communists” were banning journals and they could be hardly distinguished from hard-core Stalinists. For example, in one week in 1971 four newspapers were banned. This is how Titoist “liberalism” was functioning. In reality, the story about “liberal” wing among the Serbian communists is another myth, for those “liberals” were by no means more liberal than those who belonged to the doctrinaire wing ([LOMPAR, 2012](#), p. 30-94). Not only that Perović was a communist back in these days, but even now she glorifies Tito as a positive figure ([PEROVIĆ, 2008<sup>c</sup>](#), p. 76-77), his regime and its alleged modernization, claiming that this was “our historical maximum” (2008, p. 77) and that this kind of system was not only compatible with liberalism, but also a way towards liberalism (PEROVIĆ, 2008). Paying a little service to liberalism Perović still wages war against the “Serbian nationalism”, concept of the national state, Church, traditional culture, like she did in her communist days. Being the most distinguished representative, Perović was not an isolated case. However, she and her ideological advocates who hide their neo-communism under the layer of self-proclaimed liberalism are actually creating intellectual and moral confusion in the public discourse. Same as in communist times, the opposition is thus transformed into the enemy of the state<sup>39</sup>.

It is a rather strange type of liberalism, considering the strong anti-communist characteristic of 20<sup>th</sup> century liberals such as Ludwig von Mises or Friedrich A. von Hayek.

38 Perović argues that communism and Tito’s regime were in accordance with Serbian political culture, and that this is the reason why there was no resistance to his regime in Serbia (PEROVIĆ, 2008).

39 Also, she advocates welfare-state and says that transition was a regression regarding the labour legislation (PEROVIĆ, 2008). In a way she repeated Vrkić’s thesis that the material achievements of the socialist state were unmade by the war in Yugoslavia.

## 4 WITHOUT A FRESH START

Thus, post-communism did not have, in fact, the possibility for a fresh start in the detachment from communism. No institutionalized tradition outside of the communist one existed nor the much-needed resistance to it (as it was the case in numerous Soviet satellite states)<sup>40</sup>, so there was no meaningful point of departure for the Serbian transition. That was quite understandable and even rational having in mind the described history of devastating mythologization. Since a great many good things has already been achieved in communist times by the wits and hands of people alone, why should anyone strive for something that is just externally imposed, for some other patterns of behavior, experiences or reform blueprints?

On the other hand, looking back and searching a more distant past – the long-forgotten era of capitalist and traditionalist Serbia – a solution for the present challenges was perceived as an anachronic and dangerous move just because everything great was already achieved in the “glorious days” of Yugoslav socialism. All of the previous historical, political and intellectual legacy was perceived as retrograde insomuch it did not contribute for the development of socialist thought. Even more, there was (and still is) a consensus over the positive values of Yugoslav communism that gathered such different and even mutually confronting figures (both Slobodan Milošević and the progressive intellectuals who opposed him in almost everything else) political parties and civil society groups under the banner of “neo-communism”. The Serbian political elite, whatever side it came from, believed that one must not neglect the achievements of Yugoslav socialism in the spheres of art, culture, emancipation, worldviews, and, very important, the economy. This, and not the paradigm of “neoliberal” reforms<sup>41</sup> was the main “reform” blueprint for the elite at the beginning of the transition<sup>42</sup>. The transition and reforms were conceived as an adaptation of democracy within the framework of the “progressive” socialist legacy, a discourse of “anti-fascism”, or Yugoslav socialism.

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40 “Yet the resistance to Stalinism in the Balkans went largely unnoticed because it lacked coordination and was centered on the countryside and not in cities like Berlin and Budapest. Furthermore, since the collapse of communism in 1989, the archives have revealed that Stalinism in the Balkans was applied with much greater brutality than even western scholars have previously assumed” (GLENNY, 2012, p. 551-552; [PEROVIĆ, 2007](#)).

41 As erroneously thought by Upchurch and Marinković who claim that “Successive governments since 2000 have pursued orthodox neoliberal policies” ([UPCHURCH; MARINKOVIĆ, 2011](#), p. 235) and many other Serbian authors [Golubović \(2004\)](#); [Gavrilović; Ivanović \(2011\)](#); [Josifidis et al, 2010](#); [Smiljković \(2011\)](#), and [Kovačević \(2012\)](#). For an interpretation that calls into question the dominant perspective see Novaković ([2012a](#); [2012b](#)).

42 On the other hand, politicians and opposition parties from the “right” – in most cases, in fact, the products and branches of the communist secret police UDBA, or Milošević’s DB (Državna bezbednost) – also played into the neo-communist field. They also followed the course of neo-communist policy, and although perceived as retrograde followers who could be of use here and there as bogeyman endangering neo-communist orthodoxy, they embodied neo-communist understandings of social organization as well, especially its economic ideas. Simply put, capitalism remained an “unknown ideal” equally for both sides.



Thus, we see how the first precondition for a successful transition is a radical break with socialism and its heritage. However, the “radical break” does not necessarily mean a violent break. In fact, it could be both radical and peaceful, as it was in former Czechoslovakia during the Velvet Revolution<sup>43</sup>. Yet, the radical break with communism must be deep and comprehensive. For a successful transition, the importance is not solely on institutional (economic and political) change, like introducing a multiparty system, but a symbolical and a moral change as well. It means acknowledging the simple fact that the communist regime was a dictatorship; that it was illegitimate and violently imposed; that the socialist experiment was impossible and that it was a mistake all along, which cannot be mended through “reforms” or new management as well as that society can be cured only through liberating itself from socialism and its destructive legacy; that all those who intellectually advocated Tito’s regime cannot play any part in Serbian economic, political and moral regeneration ([BASTA, 1999](#), p. 114-119). It also means establishing a continuity with the pre-communist past and the country’s pre-communist traditions on the institutional as well as on the symbolic level.

In Central and Eastern Europe, we have seen that when that break with communism was more radical and deeper, the transition to democracy was more successful. The opposite is also true. When the break was not so clear and radical the transition was long, hard, painful and with a lot of setbacks. So, on one side there are countries like the Czech Republic, Hungary or Poland, and on the other side there are countries like Bulgaria, Romania and Albania. Serbia, as well as other former Yugoslav Republics, belong to the second group. The reason for this is the fact that Serbia never made a clear (institutional, symbolic and moral) break with communism, self-management or “socialism with a human face” as it was called. In the words of Alexander Solzhenitsyn, Serbia continued to “live by lies” ([SOLZHENITSYN, 2004](#)) and failed to establish a connection with its own identity.

The reasons for this are numerous, including the old narrative of the authenticity and originality of Yugoslav socialism. Thus, when socialism is believed to be an integral part of the national tradition, the national character and the Serbian political culture, the transition has already lost its meaning, because this belief blocks the transition from socialism to democracy and capitalism, and by fostering a specific anti-capitalist mentality it redefines the meaning of transition to transformation from one form of socialism to another, which is supposed to be better and more efficient<sup>44</sup>. However, it must still be a type of socialism, because when perceived as part of national

43 “Actually, the exceptional feature of post-communist transition in Central and Eastern Europe is its relative lack of violence” ([BALCEROWICZ, 2002<sup>b</sup>](#), p. 24).

44 Almost all politicians in Serbia advocate some sort of welfare state. For example, in 1989 Slobodan Milošević spoke about economic and political reforms, debureaucratization, and paid lip service to the market, but only in the context of a “socialist and

culture socialism becomes inescapable, something like a *fatum* or a destiny. This narration is also morally corrupt because it tends to depict Titoism as a *well-intended mistake*, and not as something completely negative. Thus, instead of repentance this narration seeks excuses for the communist misdeed. Therefore, the Serbian transition was paradoxically more an attempt to preserve continuity with socialism than an attempt to do the opposite.

## 5 WITHOUT RADICAL CHANGE

a) *Economic transition*. Those false ideas about socialism, the past and the meaning of the transition had terrible consequences for the Serbian economy. The narrative of the authenticity of socialist culture has fostered a peculiar fear of capitalism and its institutions, because the transition was seen not as a way to heal society but as an attack on the national character<sup>45</sup>. So it had to be slowed down, or some new model of socialism had to be invented and introduced. As a result, the process of restitution (denationalization, or reprivatization as it is sometimes called)<sup>46</sup> in Serbia is still incomplete, as well as privatization itself. In this sense, the basic preconditions for a successful and efficient market economy (private property and free competition) are still very much in their infancy. The many large state-owned enterprises (above all in the electricity, communications, and natural gas sectors) are still not restructured or privatized. In 2016 there were still 556 enterprises with some 90,000 employees that were supposed to be privatized. However, by 2016 only 47 of them were privatized successfully ([DANAS, 2017](#))<sup>47</sup>.

The situation is even worse when we pay attention to a number of various models of privatization that were in use during those years.

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democratic state" ([MILOŠEVIĆ, 1989<sup>a</sup>](#), p. 307-317). Although he was the first socialist official in Eastern Europe who was supporting pro-market reforms, he still claimed that market doesn't mean returning to capitalism and that it is compatible with socialism ([MILOŠEVIĆ, 1989<sup>b</sup>](#)). Later he was proposing a "Swedish model". On the other hand, Zoran Đinđić, who was an opposition leader at the time, was envisioning a reform model resembling the German welfare state. In 1990 he argued against the "neoliberal" shock-therapy, claiming that in socialist countries there is no direct connection between political democracy and the market economy, and that those two institutions tend to block each other ([ĐINĐIĆ, 2013](#), p. 198-207). According to Đinđić, the transformation of a socialist economy to a liberal, market economy was only possible through some form of dictatorship. Thus, his solution was a version of "enlightened" state interventionism. Then it must not be surprising that his reformist strategy (2000-2003) was social-democratic ([MIJATOVIĆ, 2005a<sup>a</sup>](#), p. 22). On the other hand, radical left-wing groups were ready to silence every liberal voice by labelling them a "liberal extremist" ([MARKOVIĆ, 2011](#), p. 215-222).

45 In many cases privatization, the market economy, liberal democracy and transition itself were seen as something foreign and imposed on reluctant populations by international institutions. However, the role of foreign institutions in the Serbian transition is too complicated an issue to be discussed here. We would only like to emphasize that part of the Serbian population perceived the transition as something foreign and imposed from outside, and that this perception was deeply rooted in the myths of Yugoslav socialist authenticity and the Serbian socialist tradition.

46 Denationalization is important not only for economic, but even more for moral reasons, because the victims of communist nationalization and collectivization should be compensated before the privatization process. Everything that was taken by that state should be given back to the rightful owners and their relatives and that would be an act of moral redemption.

47 Such a slow and painful privatization was motivated not only by ideological, but also by practical, political reasons. Politicians in power tend to use these state-owned enterprises as a tool in their own political struggle, or for a preservation of the socio-political status quo. In that way companies are degraded to a level of social services.

The early form of privatization in Yugoslavia/Serbia dates back to 1989. The federal law was soon replaced with a new one, which was more restrictive. The process was practically stopped from 1994 to 1997 when the new law was passed, and a new wave of privatization had begun.

However, those privatizations were all on a voluntary basis, which means that a relatively small number of companies were privatized ([MIJATOVIĆ, 2005b<sup>a</sup>](#)). By the end of 2000 less than 10% of public capital had been privatized. The model of employee shareholding was used, on the grounds that it would be fair if employees became shareholders, because they were the ones who created those enterprises. On the other hand, it also had political implications, because it was a way for politicians in power to instrumentalize privatization for their own political purposes.

Actually, almost all major political parties at the time were proponents either of the model of employee shareholding or voucher privatization, and the orientation towards employee shareholding has its origin in the old spirit of self-management. It was believed that this model was politically less painful. The new 2001 law sped up the privatization process, but that time a new method was used – selling by tender for big enterprises and auction sales for small and middle ones. However, privatization stopped again for a year in 2004 owing to the new government having some doubts regarding the legality of the privatization of some companies. Moreover, the government appointed a man with an overt socialist economic understanding as head of the Privatization Agency who even prided himself with stopping the process ([MIJATOVIĆ, 2005b<sup>b</sup>](#)). Thus, the greatest progress in terms of privatization was made in the period from 2001 until 2004. Although a large part of the public enterprises was privatized, the process is not over yet, and a new law regulating this issue was passed in 2014.

It seems that the leading idea behind privatization was not the transformation of ownership (from social property to private property) and a movement from a socialist economy towards a free market economy with a growing share held by the private sector, but a preservation of the socialist economy as long as it was possible under the new conditions. Then the concept of “social property” was kept in the Serbian Constitution until 2006. Even today, the state is the largest employer in Serbia<sup>48</sup>.

Regarding property rights, Serbia has an adequate body of laws, yet the enforcement of property rights through the judicial system can be very slow.

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48 Since 2000, every new government doubled the number of public servants and public company employees. In 2014 out of 1.7 million employees in Serbia, around 700.000 were public-sector employees and this trend is still not over. Also, there are over 200 quasi-state agencies, none of which existed before 2000. These agencies are dealing with all sorts of things, from regulation of sea traffic – although Serbia has no sea – to the attraction of foreign investments through heavily subsidizing them. In the period between 2006 and 2016 Agency for Foreign Investments and Export Promotion of the Republic of Serbia (SIEPA) gave away 500 million of euros through subventions for 314 projects, and 90% of that sum went to foreign investors ([FILIPOVIĆ; NIKOLIĆ, 2017](#)).

The second precondition, free market economy, namely free competition is also still underdeveloped. For example, the state still plays an important role in the Serbian economy, largely through ownership in big “unrestructured” enterprises, public companies, subsidizing loss-making public companies (such as RTB Bor, or Resavica) and, most importantly, through the policy of subsidizing foreign investments<sup>49</sup>, thus interfering in the free-market mechanisms in a most blatant way. One can say that the policy of active state subsidies is the backbone of Serbian economy. This also means that the rule of law, as a rule of abstract, general and negative rules ([HAYEK, 1998](#)) is largely constrained. Even worse, the transitional government from 2001 to 2004 was known for its practice of ruling by decrees. Once again, this stems from a socialist understanding of the economy and the role of the state which is supposed to provide jobs and create companies as well as prosperity in general, and that is only possible through top-down commands. This means large government spending and heavy bureaucratization. “Over the past three years, government spending has amounted to 44.5 percent of total output (GDP)” ([HERITAGE, 2018<sup>b</sup>](#), p. 363). On the other hand, heavy regulation and a low level of business freedom impacted the private sector in a negative way. Due to the heavy regulations, a large number of services is still obtained almost exclusively from the state (pensions, health care, social services, education, art and culture). Even the largest sport clubs are still waiting to be privatized. The agricultural market (market of goods, capital market, and labor market) is also still underdeveloped and thus inefficient ([PEJANOVIĆ; MILOVANOVIĆ, 2017](#)).

A high level of the government intervention usually offers an opportunity for corruption. According to the Corruption Perception Index, Serbia occupies the 77<sup>th</sup> place (out of 180) with a score of 41 points ([TRANSPARENCY INTERNATIONAL, 2017](#)), which makes it one of the countries with the most corrupted public sector in Europe. At the same time, on the Heritage index of economic freedoms ([HERITAGE, 2018<sup>c</sup>](#)) Serbia is ranked 80<sup>th</sup> in the world, and 37<sup>th</sup> among 44 European countries, which means that its score is below the regional average.

b) *Political and institutional transition*. There was also no clear discontinuity at the political level. At the beginning of the transition some authors (Mihailo Marković for example, who was one of the leading members and ideologues of the ex-communist Socialist Party of Serbia) argued against the multiparty system, advocating some kind of pluralism without political parties (“nonpartisan pluralism” or “nonpartisan democracy”) ([SUNDHAUSSEN, 2014](#), p. 282). Although those plans were soon discarded under public pressure, the general idea of continuity was very

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49 This has been perceived as the prime example of neoliberal economic policy in Serbia.

much alive. So, in both post-communist Constitutions (1990 and 2006) Serbia was defined as a republic, and the communist-imposed autonomy for the provinces of Vojvodina and Kosovo, and Metohija was maintained. Both issues represent continuity with the communist political and legal order and discontinuity with pre-communist political life. Practically two very important issues such as form of government and territorial organization were simply unreflectively inherited from the socialist structure. Furthermore, the renewal of pre-communist political institutions (such as the monarchy), as it was proposed by Solzhenitsyn (in the case of Russia)<sup>50</sup> and other conservatives, was never seriously considered<sup>51</sup>. Late and never-ending restitution diminished the strength of civil society, most importantly the role of traditional Churches, which received their rightful properties rather late (in 2006)<sup>52</sup>. Thus, the Church was prevented from playing an important role as a moral authority at the time of the transition<sup>53</sup>.

On the personal level, in its early phase, the Serbian transition was led by a “reformed” communist party (Socijalistička partija Srbije – SPS), which tried to preserve the socialist legacy as much as possible<sup>54</sup>. On the other hand, the Serbian opposition consisted mostly of left-wing dissidents, (ex) Trotskyists and unrepentant Titoists (or their descendants). Those two groups changed places in 2000, however without much effect on the general debolshevization of the country. Both sides were unaware of the nature of institutions, and they shared the same political voluntarism, disrespect for religion, church, tradition and rule of law. They also had scientism and progressivism in common. In politics, the security services, culture and the media, the old *nomenklatura* was not replaced by new people, but continued holding its positions.

Similar things were seen in almost all Central Eastern European countries:

First, the old ruling elites have remained intact and stand ready to profit electorally from the dissatisfaction of part of the population (which dissatisfaction, paradoxically, is likely to be

50 We are referring to Solzhenitsyn as an example of a firm anticommunist and a man who suffered greatly in an attempt to expose communist crimes. Thus, his moral authority was considerable. During the 1990s he was suggesting that following the collapse of communism, Russia should reembrace its own religion, history, culture and tradition. In that context in August 1991 that was seen as a chance for Russia, unfortunately a lost one. In 1998 Solzhenitsyn was still claiming that the revival has to come from the tradition of the country ([SOLŽENJICIN, 1999a](#)). He also suggested that after overthrowing communism “it would have been logical to re-establish the legal order from 1916” ([SOLŽENJICIN, 1999b](#), p. 13).

51 Perhaps it could be argued that even some political proponents of the monarchy at the time were not quite honest about their intentions. As soon as they realized that monarchism would not bring them new voters, some of them quickly disregarded the whole idea. Others were caught in personal quarrels with the heir to the throne and gave up their initial monarchism. On the other hand, the old communists and their henchmen were doing everything they could in order to ridicule the idea. After some time, monarchism was not an issue any more.

52 One must not forget that the Serbian Orthodox Church was savagely ravaged during the Communist reign ([JOJIĆ, 2002](#)). Also, many monasteries which were desecrated during the war, many of them dating back to medieval times, were not renovated until the 1990s.

53 This issue is an important one not only because the Church plays a role in a civil society, but also because the Serbian Orthodox Church through the centuries was the guardian of Serbian traditions, culture, history and higher moral values. During history the Serbian Church played a vital role in the life of the Serbian people. So even in transition the Church was supposed to provide moral guidance to the people.

54 For example, the 1990 Serbian Constitution maintained the concept of “social property”. The whole idea is rather foreign to the very idea of transition.



greater than the economic desolation wrought by those old elites while in power). Second, the newly emerging capitalist class is likely to include some members of the former elites, a circumstance that tends to reduce the legitimacy of the whole capitalist transition and may fuel attacks by a sector of the former opposition against the sector currently in office. Such conflicts within the former opposition are good news for the forces of the old regime. ([BALCEROWICZ, 2002<sup>c</sup>](#), p. 25-26).

However, the situation in Serbia is even more complicated, keeping in mind that almost the entire political, economic and cultural elite consists of ex-communists or their descendants – ideological as well as biological ([LAZIĆ, 2016](#)).

An important characteristic of Serbian ill-fated transition is a chronic lack of a conservative-liberal party. Not only that no such party was in power during the Serbian transition, but even in the opposition there was no major conservative-liberal force ([DOSTANIĆ, 2015<sup>a</sup>](#)). This can be used as a symptom of a deep entrenchment in socialist myths, worldview and reasoning. As the appearance of a conservative-liberal option is conditioned by the radical break with socialism in all of its forms and by a detachment from the socialist way of thinking. As a matter of fact, the Serbian political scene is dominated by socialist, progressivist and constructivist narratives and ideas.

Until 2000 the ruling party was the Socialist Party of Serbia (SPS), the direct descendant of the League of Communists of Serbia. Although the SPS needed coalition partners none of these parties was conservative or liberal. As a direct descendent of the communists, the SPS was doing everything to preserve socialist legacy as much as possible.

In 2000 a broad coalition (Demokratska opozicija Srbije – DOS) came to power. However, the dominant orientation of that huge coalition was left-liberal. The embodiment of that left-liberal and social-democratic orientation was the Democratic Party (Demokratska stranka – DS) with its partners. It is important to emphasize that many of the leaders of DOS and even DS were also ex-communists, (ex) Trotskyists and unrepentant Titoists or even ex-coalition partners of the SPS. Many of them have started their political careers within the League of Communists. In 2012 the Serbian Progressive Party (Srpska napredna stranka – SNS) came to power. Although that party had no coherent ideology, its politics is characterized by adventurism, autocracy, voluntarism and demagogy. Regardless of this ideological mess, it is certain that this is not a conservative or liberal party. Moreover, the SNS and its leader (ex-President Nikolić as well as his successor Vučić) are voluntarily embracing many elements of Titoism and Yugoslavism and they are using socialist rhetoric and symbols. However, there were parties which, like the Democratic Party of Serbia (Demokratska stranka Srbije – DSS) or the Serbian Renewal Movement (Srpski pokret obnove – SPO), declared themselves as right-wing parties, but they cannot be characterized as liberal-



conservatives, because too often their economic policy was neither conservative nor liberal. Sometimes it was opportunistic and sometimes undefined and often in fact socialist (DOSTANIĆ, 2015<sup>b</sup>).

The phenomenon of left-wing domination is detectable also in terms of the redefinition of standard political concepts. For example, the term “right-wing” is being generally understood as something “reactionary” and “evil”, thus associated with “fascism” in contrast to the term “left-wing”, which became synonym for everything “good” and “progressive”. The same can be said about their constructivist and progressivist interpretation of the concept of “reforms” which are usually understood as destruction of all traditions, and a constant change, similar to the concept of the “permanent revolution”. So, reforms are identified as “good” while “historical traditions” are seen as an obstacle, which means “reactionary”. Like in communist times, reforms are directed from above towards a clearly defined goal (which is usually EU membership)<sup>55</sup>. The result is, like in communism, the imposition of an order<sup>56</sup>.

This socialist mentality is so strong that even some conservative parties are flirting with socialist rhetoric in economic terms. It is significant that, unlike other transitional countries, which usually saw a broad anti-communist coalition in the first free election, the opposition in Serbia was deeply fragmented and unable (or unwilling) to form a firm anti-communist bloc. Anti-communism, which was an important part of Serbian pre-war society, predominantly accepted as value and integral part of state policy, has survived solely among some radical right-wing groups.

c) *Transition at the level of symbols*. When writing about the transition, many authors emphasize the political and economic aspects of a broader institutional transition (BALCEROWICZ, 1995). This approach is of course legitimate, but it neglects the importance of a symbolic<sup>57</sup> and moral sphere. At the symbolic level the narrative of an authentic socialist culture, and of a “soft socialism” with a “human face”, had even worse consequences. Actually, there was no break at all at the symbolic level. Instead, the socialist symbols continued to live through popular culture. That continuity can be seen even in the context of national symbols. Then the traditional pre-communist national anthem and coat of arms were not to be reinstated until 2004. Between 1990 and 2004,

55 It makes no difference if this goal is defined as “EU membership”, “total equality” or “classless society”.

56 There is usually an apocalyptic and catastrophic undertone of “alternativelessness” attached to it. “Only if we do this and if we do it now our future will be secured”. Thus, the usual phrase is that “the EU has no alternative”. If the goal is defined in those terms, it means that there is no place for a normal political discussion or political pluralism.

57 In the case of Serbia this symbolic sphere is important in the context of the violent breakup of Yugoslavia and the need to establish its own distinct identity, which is possible only through reconnection with a pre-Yugoslav past and its reaffirmation. Unfortunately, Serbian political life is still burdened by Yugoslavism, nostalgia and myth of “brotherhood and unity”. Many politicians and intellectuals are still looking favorably at Yugoslavia and Yugoslavism, even if they employ different terminology such as “region” or “regional cooperation”. However, this “region” includes only ex-Yugoslav countries, while all other neighboring states are omitted.

newly created symbols were simply decreed from above. Although they contained some old, traditional elements, those elements were intentionally redefined<sup>58</sup>. The same can be said for the Serbian armed forces, whose traditional insignia were reintroduced in 2006.

An important facet of this symbolic sphere is the treatment to the victims of the communist regime, who are still ignored or marginalized. For example, there is no memorial for the victims of the communist dictatorship. However, Tito's memorial center is maintained and financed from public funds<sup>59</sup>. This fact gets even more important when one has in mind how active were the communists in destroying a large number of the monuments (in Smederevo, Kraljevo, Kragujevac or Niš) after the war ([RAJIĆ, 1991<sup>b</sup>](#)) dedicated to the Serbian soldiers from the First World War of King Alexander I<sup>60</sup>. Many of those monuments were not reconstructed after the official fall of communism in Serbia. On the other hand, in almost every village there is a small monument or a bust which glorifies partisan struggle.

Also, no communist official was ever held accountable for the crimes of the regime.

The infamous case of the Yugoslav secret police chief of staff (Odeljenje za zaštitu naroda – OZNA), responsible for the postwar revolutionary terror and warden of communist concentration camp “Goli otok” Jovo Kapičić, who was directly and indirectly responsible for the mass killing, torture, intimidation and deportation of political enemies after the war, lived a long and prosperous life in the new democratic Serbia (he died in 2013) and was never prosecuted for the things he did during the heyday of communist terror. He never regretted his crimes and to the last days of his life mocked the victims of the communist regime and their descendants. Here follows a notorious quote of his:

We had no mercy, we were cruel because we cleaned the garbage... So, this was like I was a god. There were no regulations, and you could judge and decide on your own. What am I to do and how can I come to peace with someone whose brother I have killed? ([BLIC, 2009](#)).

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58 Concerning the national anthem, the lyrics were altered, because the original version contained the words “Serbian king” and “Serbian crown”. With the justification that contemporary Serbia is a republic and thus does not have its monarch or crown, those words were replaced with the words “Serbian lands” and “Serbian glory”. At the same time, the crown as a symbol of a monarchy was kept on the national coat of arms and national flag. Even greater confusion can be seen in the example of the Vojvodina provincial symbols, where a newly created flag and coat of arms were adopted 2002. However, in 2014, the traditional coat of arms and flag were also adopted. Thus, Vojvodina has two official flags and two official coats of arms.

59 The Serbian state is far more interested in the preservation and renovation of communist monuments than in the preservation of older monuments from the Serbian national pre-communist history. Communist memorials are more important than Serbian national traditions and history even for the present government. Regarding monuments, one must also take into account the general communist megalomania. This means that communist monuments are usually large, concrete structures with a clear ideological message. They are supposed to signify the importance and greatness of communist achievements as well as their ideological domination.

60 In some cases, this was done immediately after the war in 1945. Those barbaric acts were not isolated actions, but part of the broader Titoist agenda. Also, some monuments that survived 1945 were later desecrated and neglected. That was the destiny of the monument dedicated to the First Balkan War near Kumanovo. The idea was to erase all pre-war traditions and historical memory, and to present the communist struggle as the beginning of the real history. The same type of thinking is still present today ([KONSTANTINOVIĆ, 1996<sup>b</sup>](#)).

On the other hand, the communist revolution is still celebrated, while all anti-communist forces are depicted as criminals, traitors and fascists. Thus, the old Manichean view of the national past is perpetuated. This has deep political consequences, because the communist guerilla struggle had been a key source of political legitimization for communists. So, no real transition is possible without a historical reconsideration of WWII, the civil war in Serbia and the communist revolution. None of which occurred. Just as in the case of communists, the communist revolution period is still seen as the pinnacle of Serbian history<sup>61</sup>.

The opening of the communist secret service archives (Uprava državne bezbednosti UDBA) and of all secret files is a separate issue with substantial symbolic meaning. However, those archives and files are still closed for the public, mainly for political reasons. As such, the names of UDBA's associates are also hidden from the public. The reason behind this being that the list of UDBA's associates would include numerous intellectuals, politicians, NGO activists, journalists, businessmen, actors and writers.

At the same time, a huge number of historians are committed to spreading socialist myths about the socialist modernization, industrialization, emancipation, liberation, democratization, security, unity and brotherhood, and even the Westernization or Americanization of Yugoslav society<sup>62</sup>. They still refuse to accept the fact that was already known in the 1950s, that Tito had broken-up with Stalin, but not with Stalinism and that "self-management" in Yugoslavia under Tito was still a form of communist totalitarian dictatorship<sup>63</sup>. A country where squares, streets, and schools still carry the name of Tito and other communists has not even begun its symbolic transition<sup>64</sup>.

According to Mises, literature played an important role in building an anti-capitalist mentality ([MISES, 2016<sup>c</sup>](#)). In the case of Serbia, the same can be said for popular culture in general. A large part of popular culture renews socialist symbols or glorifies the socialist past as a careless and stable period, in contrast to the post-socialist reality. Even today, popular films are depicting the

61 As the above quotation from [Konstantinović \(1996<sup>c</sup>\)](#) demonstrates.

62 An example is the book *Coca-Cola Socialism* by Radina Vučetić where she writes about "communist ideology in a capitalist wrapping" ([VUČETIĆ, 2012](#)). Thus, the 1960s are usually regarded as the "Yugoslav spring" and the golden times of Westernization and Americanization of Yugoslavia through "economic reforms" and "western culture" ([LAKIĆEVIĆ, 2013<sup>b</sup>; 2014<sup>b</sup>](#)).

63 "While the dictator could allow a modest pluralism of ideas within the Party, he could not tolerate any real moves towards democracy" (GLENNY, 2012, p. 577). On the other hand, the connection between socialism and dictatorship is everything but accidental ([HAYEK, 1944](#)).

64 It can be shown in various examples, such as the recent (2014) naming of two Belgrade streets after communist partisan commanders (Koča Popović and Peko Dapčević) ([BLIC.K, 2014](#)). Both of them played important roles during and after the war, so both of them can be associated to communist crimes. Yet, according to Minister Vulin those men were heroes ([NOVOSTI, 2014](#)). At the same time, some other streets in Belgrade are named after dissident, anti-communist writers such as Borislav Pekić ([BLIC, 2016](#)), which makes this street-naming policy even more puzzling. Somehow, names of perpetrators and victims can stand next to each other, which suggests a deeper bewilderment in the Serbian relationship with their own past, as well as an unwillingness to detach themselves from the socialist legacy.

pre-communist past in accordance with old communist historiography. In other words, popular culture's socialist narration and its reasoning are kept alive.

Two recent series, “Ravna Gora” (2013) and “Senke nad Balkanom” (2017) make nice examples of the perpetuation of the communist understanding of national history. “Ravna Gora” supposedly depicting the story about the formation of the royalist resistance in WWII, while “Senke nad Balkanom” were planned as a typical crime story situated in inter-war Belgrade. Both series did everything in accordance with the old communist myths of a poor, ugly and sad life in inter-war society. According to both series, the only beam of light in that gloomy society were the communists, in contrast to the corruption and evil of the inter-war bourgeoisie. At the same time, old partisan films are regularly being broadcast on TV stations, even private ones. This way, communist myths are spread by popular culture.

This mythologization of the socialist past through popular culture has its political consequences. In the sphere of politics, the parties sometimes deliberately use old communist symbols, such as the celebration of Tito's birthday e Socialist party of Serbia (SPS) is best known for its utilization of Tito, partisan heritage and the communist period. They use a wide range of communist as well as partisan symbols such as Tito's name ([BLIC.D, 2015](#)), partisan songs, the red star, the color red, and so on ([KURIR, 2016](#)). However, other parties do the same, although not so blatantly. So, for example other politicians were ready to proudly underline that members of their family were partisan soldiers. Others again were praising Tito and his non-alignment policy as in case of ex-President Nikolić ([BLIC.N, 2014](#)) and President Vučić ([SPUTNIK, 2017](#); [DANAS, 2016](#)). Even parties supposed to be liberal (Democratic Party or Liberal Democratic Party) or even right-wing parties (Serbian Progressive Party) are more than ready use Titoist or anti-fascist rhetoric. It is also popular to praise communist economic “accomplishments”, such as reindustrialization, modernization and so on. However, politicians as well as the general public tend to forget that the relatively high standard and care-free life in Yugoslav socialism was a result of enormous borrowing from the West in 1970s ([MARSENIĆ, 2003<sup>b</sup>](#), p. 97-214) which resulted in the default of the Yugoslav state at the beginning of the 1980s. So, this is a typical example of selective memory and blatant manipulation.

With the demands for restoration of some aspects of communist politics, those feeling socialist nostalgia seem to drift even further away from reality. This is also the case with demands for a non-aligned foreign policy. On the other hand, it is difficult to explain how a state as harmonious as communist Yugoslavia could have dissolved in a bloody war. In order to answer that question, the nostalgic tend to rely on conspiracy theories: blaming foreign powers, sometimes national elites

or tough “nationalism”<sup>65</sup> in general as a root of all evils, but never the structure of Yugoslav communism.

d) *Moral transition*. However, the most destructive consequences of communism can be seen on a moral level. That means that the crisis in post-communist Serbia is not only the crises of economy or an institutional crisis but a crisis of morality. By breaking the connection between freedom and accountability, or by forcing people to trade their freedom for a questionable economic security, communists destroyed moral sense and inaugurated demagoguery, hypocrisy and lie<sup>66</sup>. In a way Serbia continued to “live by lies”. National traditions and the character of Serbian people was darkened and oppressed during the communist reign; sense of justice, independence and ability for self-organization were marginalized. For too long the communist party acted like a moral authority. On the other hand, the narrative about “socialism with human face” which was “not so bad after all” fosters moral relativism even further. In combination with the myths of the partisan’s struggle and liberation in 1945, that moral relativism tends to legitimize and justify communist crimes, those committed during the war, as well as those which were committed after the war. Thus, the borders between victims and perpetrators are being blurred.

## CONCLUSION

Compared to other East and Central European countries, Serbia is far behind in debolshevization. It is worth to mention once more that other countries behind the Iron Curtain were actually occupied by Soviets and that the struggle against foreign occupation went hand in hand with the renewal of the pre-communist past, national traditions, and debolshevization in general. As we already saw, the same process in Serbia was hindered by a false narrative of “authentic socialism”, as well as by other historical manipulations.

The biggest obstacle to the transition in Serbia is a legacy of self-management and socialist mentality rooted in a portion of the population. This mentality finds its expression in the belief that enterprises only exist to pay out wages, that the state should be responsible if someone loses their job and that they should be compensated at the expense of the taxpayers, that those who earn something should share it with others who did not earn it, that the state should protect the individual from every risk ([MIJATOVIĆ, 2005a<sup>b</sup>](#)).

<sup>65</sup> However, not all nationalisms are equally to blame, so Perović explicitly underlines Serbian guilt (PEROVIĆ, 2008).

<sup>66</sup> In the words of Solzhenitsyn: “the deception and lie of Communism have coated our consciousness with so many layers that many cannot even discern this film over their eyes” ([SOLZHENITSYN, 1995](#), p. 105).

This mentality is also nostalgic for Yugoslavia and self-management, blaming the transition, “wild and unregulated capitalism”, and “neoliberalism”<sup>67</sup> which “destroyed our firms”, for today’s poor economic situation. People are looking back into the past, idealizing the world of the Yugoslav “third way” (and the happy days of their youth), seeking refuge from the inhumanity of present “transitional times”. But subjective reflections seldom mirror objective needs. The real improvement usually comes not in compliance with destructive habits from the past but only in confrontation with them. This has always been a guiding principle of any sensible reform policy.

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<sup>67</sup> This kind of simplification is common in almost all Eastern European countries. “Behind every misfortune in post-communism, there stands a neoliberal tenet; the causal chains behind observable problems inevitably lead back to an ideological guideline endorsed by an international financial institution” ([GANEV, 2005](#), p. 346-347). However, as Ganev has shown, this popular image is utterly false. There was no such thing as “neoliberal hegemony” in Central and Eastern Europe, and most certainly there was nothing even similar to that in Serbia.



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